

PROMISSORY NOTE TO HAAGEN-BURBANK PARTNERS

PHASE 2 LOAN

\$18,500,000

November 15, 1989

Burbank, California

FOR VALUE RECEIVED, the undersigned ("**Borrower**"), having its office at 275 E. Olive Avenue, Burbank, California 91510, hereby promises to pay to Haagen-Burbank Partners, a California general partnership ("**Lender**") or order, a principal sum of Eighteen Million Five Hundred Thousand Dollars (\$18,500,000), as provided in that certain Disposition and Development Agreement dated November 15, 1989 ("**DDA**") by and between Lender and Borrower. Borrower's monetary obligation is subject to the terms of the DDA and this Note. The DDA is of public record on file in the offices of the Borrower, and the provisions of the DDA are incorporated herein by this reference. Borrower shall pay interest at the rates, in the amounts and at the times hereinafter provided. Except as otherwise set forth, all quoted and capitalized terms used herein shall have the meaning set forth for the same in the DDA.

1. This Note evidences the unsecured obligation of Borrower to Lender for the repayment of the aforesaid amounts ("**Loan**"), on account of the costs to Lender associated with the parking and related common area facilities attributable to Phase 2 of the "**Project**", pursuant to Section 504 of the DDA.

2. Interest on the Loan shall be computed thereon at the rate of interest in effect from time to time under Lender's primary construction or permanent loan on the "Phase 1 Regional Center", as such loan may be modified or refinanced, but not more than the maximum legal rate ("**Applicable Rate**"), compounded monthly (but not to exceed the legal limit on an annualized basis); provided, however, that if such loan is a participating mortgage, the lender's projected internal rate of return (but not more than the maximum legal rate) shall be the Applicable Rate.

3. The Loan shall be repaid in semi-annual installments of principal and interest, compounded monthly, on February 1st and August 1st of each calendar year, commencing on the "Initial Payment Date", and continuing thereafter on each February 1 and August 1 thereafter up to and including February 1, 2016. Each such installment shall be in an amount equal to seventy percent (70%) of the "**Project Increment**",

provided that such installment shall be paid from any source legally available to Borrower including, without limitation, any sales tax proceeds or other revenues which from time to time are in the sole discretion of the City of Burbank made available to Borrower, and may not necessarily be payable solely from the Project Increment itself. Any unpaid balance of the Loan as of February 1, 2016 (except to the extent caused by Borrower's default under this Note or Section 506.2 of the DDA) shall be forgiven.

4. Notwithstanding anything contained herein to the contrary, Borrower, in its sole and absolute discretion, may terminate its obligation to make further payments hereunder upon twelve (12) months' prior written notice to Lender given at any time from and after two (2) years following the opening of any portion of the enclosed mall portion of the Phase 1 Regional Center for business to the public, subject to the last sentence of this Paragraph 4. In such event, Borrower shall continue to pay installments hereunder to the extent necessary to repay the amount, if any, added to the principal balance hereunder because the installments payable prior to the date of such termination were, in the aggregate, less than the payments which would have been payable had this Note been payable in semi-annual installments of principal and interest from the Initial Payment Date through February 1, 2016 (i.e., the amount of negative amortization which resulted from the limitation of the installments hereunder to seventy percent (70%) of the annual available increment). Borrower may not terminate the Loan as aforesaid following Borrower's approval of a "Fourth Department Store" pursuant to Section 503.3 of the DDA, and this Paragraph 4 shall be void and of no force and effect after the completion of said Fourth Department Store; provided that Borrower shall again have the rights described under this Paragraph 4 if, after a Fourth Department Store is approved, Lender does not enter into a transaction with the Fourth Department Store or cause the construction of said Fourth Department Store to be completed.

5. Each payment shall be credited first to interest due and the remainder to principal and interest shall thereupon cease upon the principal so credited. Borrower shall have the right to prepay the Loan, in whole or in part, without premium, at any time.

6. Each payment is due without demand, notice, setoff or counterclaim; provided, however, in the event Lender shall be in default (beyond applicable notice and cure periods) of its obligation to pay any amounts due Borrower under Sections 3.1 or 3.2 of the "Site Lease" when due, Borrower may,

at its option, offset any amount due to Lender hereunder against such delinquent payments under the Site Lease in lieu of payment to Lender of the amount offset. In the event default (beyond applicable notice and cure periods) be made in the payment of any of the installments hereunder when due, Lender may, at its option, offset any amount due Borrower under Sections 3.1 or 3.2 of the Site Lease against such delinquent payments hereunder in lieu of payment to Borrower of the amount so offset. In the event of the commencement of a case by or against the undersigned under any applicable insolvency, bankruptcy, creditor adjustment or debtor rehabilitation laws, whether state or federal, or the request by the undersigned for relief under such law, or any assignment by the undersigned for the benefit of creditors, or if the undersigned shall become bankrupt or insolvent then the whole sum of principal and interest shall become immediately due and payable at the option of Lender.

7. The undersigned acknowledges that late payments of principal and interest will cause Lender to incur costs not contemplated by the DDA or this Note, the exact amount of which is extremely difficult and impracticable to ascertain. Such costs include, without limitation, processing and accounting charges and late charges that may be imposed on Lender by virtue of Lender's debt obligations. Accordingly, without limitation on Lender's other rights and remedies at law or in equity, if the undersigned fails to make any payment hereunder within fifteen (15) days after such payment is due, the undersigned shall promptly pay a late charge equal to four percent (4%) of such delinquent payment and the delinquent payment shall thereafter bear interest at the Applicable Rate, until paid. Without limitation on the foregoing, in the event Borrower fails to make any payment hereunder within fifteen (15) days after written notice that the same has become due, such failure shall constitute a default under this Note, and Lender shall thereupon be entitled to enforce all of its rights at law or in equity.

8. Lender may pledge or assign its rights under this Note to any lender described in Section 302.3(i) of the DDA.

9. Payments under this Note are payable, in lawful money of the United States, at the principal office of the Lender, 3500 Sepulveda Boulevard, P.O. Box 10010, Manhattan Beach, California, 90266, or at such other place as the holder hereof may inform Borrower in writing.

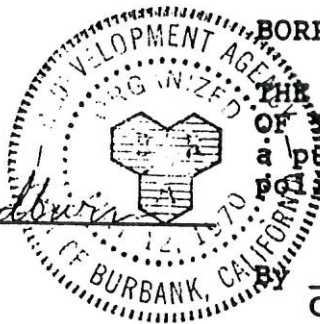
10. Nothing contained in this Note shall be deemed to require the payment of interest by Borrower in excess of the amount which Lender may lawfully charge under applicable usury laws. In the event that the interest provided herein shall exceed such lawful charge, then the amount of interest payable hereunder by Borrower shall be reduced to the maximum amount of such lawful charge.

11. Notice of presentment, demand, protest, notices of protest, dishonor and non-payment of this Note, and all notices of every kind are hereby waived by Borrower. To the extent permitted by applicable laws, the defense of statute of limitations is hereby waived by Borrower. This note is executed and delivered in the State of California and shall be governed and construed in accordance with the laws of the State of California. In any action with respect to this Note, Borrower consents to the jurisdiction of any competent court within the State of California and to service of process by any means authorized by California law. If this Note is not paid when due, whether at maturity or by acceleration, Borrower promises to pay all costs of collection, including, without limitation, reasonable attorneys' fees, whether or not suit is filed hereon.

12. Time is of the essence of this Note. However, if any payment on this Note becomes due and payable on a Saturday, Sunday or other day on which commercial banks in the State of California are authorized or required by law to close, the maturity thereof shall be extended to the next succeeding business day, and such extension of time shall be included in computing interest in connection with such payment.

ATTEST:

Merle L. Woodburn  
Secretary



BORROWER

THE REDEVELOPMENT AGENCY  
OF THE CITY OF BURBANK,  
a public body, corporate and  
politic

Robert R. Brown  
Chairman

APPROVED AS TO FORM:

Julia C. Loh  
Agency General Counsel

COUNTY OF

SS.

WITNESS MY HAND AND OFFICIAL SEAL.

**My Commission Expires:**



**OFFICIAL SEAL**  
**MAS YOSHINAGA**  
**NOTARY PUBLIC - CALIFORNIA**  
**LOS ANGELES COUNTY**  
 My comm. expires **APR 23, 1993**